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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

MATT EISNER,

Plaintiff,

vs.

META PLATFORMS, INC. and MARK  
ZUCKERBERG,

Defendants.

Case No.:

**COMPLAINT FOR VIOLATION OF  
SECTION 14(A) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

DEMAND FOR JURY TRIAL

Plaintiff Matt Eisner (“Plaintiff”), a current shareholder of Meta Platforms, Inc. (“Meta” or the “Company”), by and through undersigned counsel, brings this individual action against Defendants Meta Platforms, Inc. and Mark Zuckerberg for declaratory and injunctive relief to remedy false statements and omissions in the Company’s proxy statements. In support of these claims, Plaintiff alleges the following (1) upon personal knowledge with respect to the matters pertaining to Plaintiff and Plaintiff’s ownership of Meta stock; and (2) upon information and belief with respect to all other matters, based upon the investigation undertaken by counsel, which included, *inter alia*, a review and analysis of (a) the Company’s public filings with the U.S. Securities and Exchange Commission (“SEC”); (b) news articles, conference call transcripts, analysts’ reports, and press releases; and (c) other publicly available information pertaining to Meta and the topics addressed herein. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth below after a reasonable opportunity for discovery.

## I. INTRODUCTION

1. This is an individual, direct action for declaratory and injunctive relief to remedy false statements and omissions in the Company’s 2024 Proxy Statement pertaining to Meta’s annual shareholder meeting currently set to occur on May 29, 2024.

2. In 2022, Meta was fined over \$400 million for failing to safeguard children’s information on Instagram.<sup>1</sup> In response to growing concern about the harm to children as well as the financial fines imposed on Meta due to the infiltration of Instagram with pedophiles and sexual predators, Meta shareholders included a proxy proposal in 2024 that would, if passed, require Meta to do more to protect minors. The shareholder proposal noted that:

Sexual Exploitation: ***In 2022, nearly 32 million cases of online child sexual abuse material were reported; over 27 million of those (85 percent) stemmed from Meta platforms.*** Meta has started encrypting Facebook Messenger despite urgent warnings from law enforcement and child protection organizations that encryption will hide millions of reports, cloak the actions of child predators, and make children more vulnerable. A Wall Street Journal investigation describes how Instagram’s algorithms “connect and promote” a vast pedophile network by guiding pedophiles to sellers of child sexual abuse materials.<sup>2</sup>

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<sup>1</sup> See <https://www.cnet.com/news/privacy/meta-fined-400m-for-failing-to-protect-childrens-privacy-on-instagram/>.

<sup>2</sup> See 2024 Proxy Statement at p. 93.

3. But the Defendants have caused Meta to recommend against that proposal, misrepresenting that the Company already has in place effective controls. The Proxy states:

Our policies prohibit harmful content, as well as content or behavior that exploits young people. We recently introduced enhanced protections designed to give teens more age-appropriate experiences on our apps and are focused on building features and tools that help people connect online safely and responsibly. In January 2024, we announced that we are starting to hide more types of content for teens on Instagram and Facebook, in line with expert guidance.

4. The Proxy also stated that:

- ***We seek to prevent child exploitation through a number of measures, including using sophisticated technology, to proactively find and take action on such content.***
- ***Preventing child exploitation is one of the most important challenges facing our industry today.*** Online predators are determined criminals who use multiple apps and websites to target young people. They also test each platform's defenses, and they learn to quickly adapt. That is why we are working hard to stay ahead.
- We have invested in a combination of technologies and tools designed to provide options to verify age, and protect young people's privacy, even in the absence of clear standards regarding online age verification.<sup>3</sup>

5. The 2024 Proxy also represented that Meta Platforms was taking concerted and effective efforts to curtail the sexual exploitation of children, stating:

***We are constantly working on new features, tools, and technologies to help protect young people online and we use sophisticated technology, hire specialists in online child safety,*** report content to the NCMEC, and share information and tools with other companies, to help root out predators.

Highlights of our efforts over the past year include:

- ***In August 2023 alone, we disabled more than 500,000 accounts for violating our child sexual exploitation policies,*** and between 2020 and 2023, our teams disrupted 37 abusive networks and removed nearly 200,000 accounts associated with those networks.
- ***We introduced additional ways to enable us to proactively find and remove accounts that may violate our child safety policies.*** For example, we send accounts that exhibit potentially suspicious behavior to our content reviewers and we will automatically disable these accounts if they exhibit enough of the 60+ signals we monitor for potentially suspicious behavior. More than 90,000 accounts were identified and automatically removed from August 2023 to December 2023 as a result of this method.<sup>4</sup>

<sup>3</sup> *Id.* at 94.

<sup>4</sup> *See* 2024 Proxy at p. 95.

6. In recommending against the shareholder proposal, the Proxy also represented that:

- *The board of directors provides oversight of this topic through its audit & risk oversight committee.*
- *Given our ongoing efforts to address this topic, the board of directors believes that the requested report is unnecessary and would not provide additional benefit to our shareholders.*<sup>5</sup>

7. The Proxy also sought re-election of Meta's directors based on their alleged success in providing effective oversight of management and implementing effective internal controls to protect Meta against its key enterprise risks.

8. The statements in the Proxy were false. In reality, the prevalence and activity of pedophiles and sexual predators on Instagram and Facebook has significantly increased, and the Company's internal controls are ineffective to stem such harmful conduct.

9. Internal Meta documents reveal that *Meta itself estimates that about 100,000 children per day using Facebook and Instagram receive online sexual harassment*, including "pictures of adult genitalia."<sup>6</sup> The documents describe an incident in 2020 when the 12-year-old daughter of an executive at Apple was solicited via IG Direct, Instagram's messaging product.

10. "This is the kind of thing that pisses Apple off to the extent of threatening to remove us from the App Store," a Meta employee fretted, according to the documents. A senior Meta employee described how his own daughter had been solicited via Instagram in testimony to the US Congress late last year. His efforts to fix the problem were ignored, he said.

11. A 2021 internal Meta presentation on child safety was also referenced in a lawsuit against Meta brought by the New Mexico Attorney General. According to the suit, one slide stated that Meta is "underinvested in minor sexualization on IG [Instagram], notable on sexualized comments on content posted by minors. Not only is this a terrible experience for creators and bystanders, it's also a vector for bad actors to identify and connect with one another."

<sup>5</sup> *Id.* at p. 94.

<sup>6</sup> See "Meta documents show 100,000 children sexually harassed daily on its platforms," THE GUARDIAN, Jan. 18, 2024, available at <https://www.theguardian.com/technology/2024/jan/18/instagram-facebook-child-sexual-harassment>.

12. The New Mexico complaint also highlights Meta employees' concerns over child safety. In a July 2020 internal Meta chat, one employee asked: "What specifically are we doing for child grooming (something I just heard about that is happening a lot on TikTok)?" According to the complaint, he received a response: "Somewhere between zero and negligible."

13. Internal Meta documents also reveal that Meta employees discussed the disturbing way that Messenger is being used "to coordinate trafficking activities" and that "every human exploitation stage (recruitment, coordination, exploitation) is represented on our platform", according to documents included in the New Mexico suit. Yet, an internal 2017 email described executive opposition to scanning Facebook Messenger for "harmful content" because it would place the service "at a competitive disadvantage vs other apps who might offer more privacy."

14. Far from taking effective steps to remediate these disturbing and increasing activities, Meta is taking steps that actually undermine its ability to weed out pedophiles. In December 2023, Meta received widespread criticism for rolling out end-to-end encryption for messages sent on Facebook and Messenger. Encryption hides the contents of a message from anyone but the sender and the intended recipient by converting text and images into unreadable cyphers that are unscrambled on receipt. Child safety experts, policymakers and law enforcement have argued encryption obstructs efforts to rescue child sex-trafficking victims and the prosecution of predators.

15. These internal Meta documents undermine and contradict the statements in the 2024 Proxy and Zuckerberg's self-serving public statements claiming that Meta is doing all it can to eliminate and curtail the exploitation of minors on its social media networks.

16. Meta's failure to spend sufficient resources to defend vulnerable minors stands in stark contrast to its spending on the safety of its executives. Meta spent approximately \$9,192,972, \$8,981,973, and \$7,646,560 in 2022, 2021, and 2020, respectively, for costs related to personal security for Ms. Sandberg at her residences and during personal travel.<sup>7</sup> In 2021, Meta spent \$26.8 million for the personal security and private aircraft of Mr. Zuckerberg. The 2024 Proxy stated that "Since 2018, we have provided an annual pre-tax allowance of \$10 million to Mr. Zuckerberg to cover additional costs related

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<sup>7</sup> See 2023 Proxy Statement at p. 56.

1 to his and his family's personal security.”<sup>8</sup> The Proxy also stated that Meta paid Mr. Zuckerberg  
2 “\$9,431,139, \$14,829,245, and \$15,195,103 in 2023, 2022, and 2021, respectively, for costs related to  
3 personal security for Mr. Zuckerberg at his residences and during personal travel pursuant to Mr.  
4 Zuckerberg's overall security program.”<sup>9</sup>

## 5 II. PARTIES

6 17. Plaintiff is a current Meta shareholder and has owned Meta stock at all relevant times, and  
7 has the right to vote on the matters submitted to shareholders for the 2024 annual meeting scheduled for  
8 May 29, 2024.

9 18. Defendant Meta Platforms, Inc. is a Delaware corporation headquartered at 1601 Willow  
10 Road, Menlo Park, California 94025. Meta operates a social networking website that allows people to  
11 communicate with their family, friends, and coworkers. Meta develops technologies that facilitate the  
12 sharing of information, photographs, website links, and videos. Meta users have the ability to share and  
13 restrict information based on their own specific criteria. By the end of 2017, Meta had more than 2.2  
14 billion active users. The Company's mission is “to give people the power to build community and bring  
15 the world closer together. People use Meta to stay connected with friends and family, to discover what's  
16 going on in the world, and to share and express what matters to them.” Meta's securities trade on the  
17 NASDAQ under the ticker symbol “FB.”

18 19. Defendant Mark Zuckerberg is the Founder, Chairman and Chief Executive Officer  
19 (“CEO”) of Meta. Zuckerberg is responsible for Meta's day-to-day operations, as well as the overall  
20 direction and product strategy of the Company, and is the Company's controlling stockholder with  
21 ownership of stock and proxies for stock representing 61.1% of Meta's voting power. Zuckerberg  
22 approved and signed Meta's 2024 Proxy Statement.

23 20. Defendants Meta Platforms, Inc. and Zuckerberg are collectively referred to as the  
24 “Defendants.”

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28 <sup>8</sup> See 2024 Proxy at p. 65.

<sup>9</sup> *Id.* at p. 68.

### III. JURISDICTION AND VENUE

21. This Court has subject matter jurisdiction over this action under Article III of the U.S. Constitution and 28 U.S.C. § 1331 because of claims arising under Section 14(a) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78n(a), and SEC regulation 14a-9 promulgated thereunder. The Court has exclusive jurisdiction under Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

22. This Court has jurisdiction over Defendants. Each Defendant is either a resident of California or otherwise has sufficient contacts with California in order to render the exercise of jurisdiction by this Court over them permissible under traditional notions of fair play and substantial justice. Additionally, in connection with the misconduct alleged herein, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including the United States mails, interstate telephone communications, and the facilities of the national securities markets. The Court has jurisdiction over Meta because Meta is headquartered in Menlo Park, California and has substantial business operations in California.

23. Venue is proper in this District in accordance with Section 27 of the Exchange Act. Venue is also proper under 28 U.S.C. § 1391(b) because: (i) Meta maintains its principal place of business in, and has its most significant contacts with, this District; (ii) one or more of the Defendants resides in this District; (iii) a substantial portion of the transactions and wrongs complained of in this complaint occurred in this District; and (iv) Defendants received substantial compensation in this District by doing business here and engaging in numerous activities that had effects in this District.

### IV. DIVISIONAL ASSIGNMENT

24. Pursuant to Civil Local Rule 3-2(c)&(d), this case should be assigned to the San Francisco Division because a substantial part of the events or omissions giving rise to the claims occurred within the county of San Mateo.

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## V. FACTUAL ALLEGATIONS

### A. Meta's Social Media Platforms Pose a Significant Threat of Harm to Minors, and Meta Has Been Fined and Subjected to New Legislation Designed to Reduce Such Threats

25. As senior executive officers and/or directors of a publicly-traded company whose common stock is registered with the SEC pursuant to the Exchange Act and traded on NASDAQ, the Defendants have a duty to disseminate accurate and truthful information with respect to the Company's operations, business, products, management, and present and future business prospects; and to correct any previously-issued statements that have become materially misleading or untrue. The Defendants' misrepresentations and omissions with respect to the Company's proxy statement violate these specific requirements and obligations.

26. Meta owns both Facebook and Instagram, which are social media sites. A significant number of the Company's customers on such sites are minors. In addition, adult users frequently post photographs and other personally identifiable information about minors on both Facebook and Instagram.

27. In recent years, investors have become increasingly focused on the extent to which Meta is in compliance with federal and state laws governing privacy and the protection of minors. Failure to comply with such laws risks substantial fines, penalties, and civil judgments. In addition, the Company's failure to comply with such laws and protect minors risks a substantial loss of customers and thus advertising revenue, which is by far Meta's single largest source of income.

28. Instagram in particular has come under heightened scrutiny. In 2021, members of Congress examined how the social network's automated recommendation engine had served graphic images of self-harm to teenage girls as well as content promoting eating disorders to younger users. Soon after, President Biden called for greater child safety on social media.

29. On September 6, 2022, Ireland's data privacy regulator levied a record fine of **405 million euros (\$402 million)** against Instagram following an investigation into its handling of children's data. The investigation, which started in 2020, focused on child users between the ages of 13 and 17 who were

1 allowed to operate business accounts, which facilitated the publication of the user’s phone number and/or  
2 email address.<sup>10</sup>

3 30. One week later, California Governor Gavin Newsom signed a new law (AB2273) to  
4 protect children from harm from online social media platforms such as Instagram and Facebook. When  
5 it passed the new law, the California Legislature found that social media platforms often use  
6 recommendation algorithms, find-a-friend tools, smartphone notices and other enticements to increase  
7 user engagement, and noted that the same techniques may pose risks to children who frequently use online  
8 services that were not specifically designed for them.

9 31. The California bill, called the California Age-Appropriate Design Code Act, was the first  
10 statute in the nation requiring apps and sites to adopt and implement guardrails for users under 18. The  
11 new law required many online services, including Facebook and Instagram, to reduce the risks that certain  
12 popular features — like allowing strangers to message one another — pose to child users. Businesses  
13 that provide online products and services that are “likely to be accessed by children” were required by  
14 the Act to complete a Data Protection Impact Assessment (DPIA) prior to July 1, 2024. After July 1,  
15 2024, covered businesses must complete a DPIA before any new features or online products and services  
16 likely to be accessed by children can be offered by the public.

17 32. The DPIA must identify the purpose of the online service, product, or feature, how it uses  
18 children’s personal information, and the risks of material detriment to children that arise from the data  
19 management practices of the business. The DPIA must be biennially reviewed and, upon written request,  
20 provided to the California Attorney General within five business days. The new Act also required Meta  
21 to configure all default privacy settings provided to children to offer a high level of privacy unless Meta  
22 can demonstrate a compelling reason that a different setting is in the best interests of children. The Act  
23 also requires Meta to estimate the age of child users with a reasonable level of certainty appropriate to  
24 the risks that arise from Meta’s data management practices or apply the privacy and data protections  
25 afforded to children to all consumers.

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28 <sup>10</sup> See “Instagram Fined \$400 Million for Failing to Protect Children’s Data,” REUTERS, Sept. 6, 2022,  
available at <https://www.cnn.com/2022/09/06/tech/instagram-fine-teens-privacy/index.html>.

33. The Act also restricts covered businesses that provide an online service, product, or feature likely to be accessed by children from taking any of the following actions:

- Using personal information of any child “in a way that the business knows, or has reason to know, is materially detrimental to the physical health, mental health, or well-being of a child”
- Profile a child unless necessary to provide the online service or feature or the business can demonstrate a compelling reason that the profiling is in the best interest of the child
- Collecting, selling, or disclosing precise geolocation information unless strictly necessary
- Using dark patterns to encourage children to provide personal information
- Retaining more information than necessary or using collected information for any other purpose than estimating age.<sup>11</sup>

34. In March 2023, Utah passed a bill that requires minors to obtain parental consent to sign up to social platforms. In addition, both Louisiana and Mississippi have enacted laws requiring age verification to view content considered harmful to children.

35. On May 3, 2023, the FTC announced that Facebook misled parents and failed to protect the privacy of children using its Messenger Kids app, including misrepresenting the access to private user data that it provided to app developers. “Despite the company’s promises that children using Messenger Kids would only be able to communicate with contacts approved by their parents, children in certain circumstances were able to communicate with unapproved contacts in group text chats and group video calls,” the FTC said. As a result, The Federal Trade Commission proposed sweeping changes to a 2020 privacy order with Meta that prohibited it from profiting from data it collects on users under the age of 18. The 2020 order imposed a **\$5 billion fine** on Meta for its privacy violations. The new restrictions imposed by the FTC in 2023 apply to data collected through Meta’s virtual-reality products. The FTC said the Company had failed to fully comply with the 2020 order.

36. Meta was also subjected to other limitations, including its use of face-recognition technology, and was required to provide additional privacy protections for its users.

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<sup>11</sup> Although the Act does not create a private right of action, the CAADCA allows the Attorney General to subject any business that violates that Act to a civil penalty, including: Up to \$2,500 per affected child for negligent violations; and up to \$7,500 per affected child for intentional violations of the Act.

37. “Facebook has repeatedly violated its privacy promises,” said Samuel Levine, director of the FTC's Bureau of Consumer Protection, in announcing the new requirements. “The company's recklessness has put young users at risk, and Facebook needs to answer for its failures.”

**B. Defendants Cause Meta to File a Materially False and Misleading Proxy Statement in 2024**

38. On March 29, 2024, Meta filed its annual proxy statement on Form 14A with the SEC, and distributed the proxy statement to its shareholders, including Plaintiff. The Proxy Statement was approved and signed by each of the Defendants.

39. The 2024 Proxy Statement is materially false and misleading because it makes misrepresentations and omissions regarding the extent to which Meta is taking adequate steps to protect children on its social media platforms and the risks to the Company from failing to do so.

40. In response to growing concern that Meta's social media sites, especially Instagram, have become infiltrated with pedophiles and sexual predators, a Meta shareholder has included a proxy proposal that would require Meta to do more to protect minors. But the Defendants have caused Meta to recommend against that proposal, misrepresenting that the Company already has in place effective controls. The Proxy states:

*We seek to prevent child exploitation through a number of measures, including using sophisticated technology, to proactively find and take action on such content.*

*Preventing child exploitation is one of the most important challenges facing our industry today.* Online predators are determined criminals who use multiple apps and websites to target young people. They also test each platform's defenses, and they learn to quickly adapt. That is why *we are working hard to stay ahead.*

We have invested in a combination of technologies and tools designed to provide options to verify age, and protect young people's privacy, even in the absence of clear standards regarding online age verification.<sup>12</sup>

41. The 2024 Proxy also states:

- To help protect teens under the age of 18 from unwanted contact on Instagram, we restrict adults from messaging teens that do not follow them, and we limit the type and number of direct messages people can send to someone who does not follow*

<sup>12</sup> See 2024 Proxy at p. 94.

1 *them to one text-only message.* In addition, in January 2024, we announced that we  
 2 are starting to hide more types of content for teens on Instagram and Facebook.

- 3 • *We have developed new technology that allows us to find accounts that have shown*  
 4 *potentially suspicious behavior and help prevent those accounts from interacting*  
 5 *with young people's accounts.* We automatically disable accounts if they exhibit a  
 6 certain number of the 60+ signals we monitor for potentially suspicious behavior.<sup>13</sup>

7 42. The Proxy also states that:

8 *Building on our efforts to protect younger people and their privacy on Facebook and*  
 9 *Instagram, we are developing new tools and educational resources, as well as working*  
 10 *with the National Center for Missing and Exploited Children, to help stop the spread of*  
 11 *young people's intimate images online.*<sup>14</sup>

12 43. The Proxy also represents that based on Meta's Q4 2023 Community Standards  
 13 Enforcement Report, *"the prevalence of violating content on Facebook and Instagram remained*  
 14 *relatively consistent with the previous quarter across a wide range of violation areas," suggesting that*  
 15 *the vast majority of content that users generally encounter does not violate Meta's policies.*"<sup>15</sup>

16 44. The Proxy also seeks re-election of Meta's directors based on their alleged success in  
 17 providing effective oversight of management and implementing effective internal controls to protect Meta  
 18 against its key enterprise risks.

19 45. As demonstrated more particularly *infra*, these statements are false and misleading.

20 46. The 2024 Proxy represents that one of the Company's Principles is to keep people safe  
 21 who use its products:

## 22 **OUR PRINCIPLES**

23 Our principles embody what we stand for and guide our approach to how we build  
 24 technology for people and their relationships.

- 25 • **Give People a Voice** -- People deserve to be heard and to have a voice—even when  
 26 that means defending the right of people we disagree with.

27 <sup>13</sup> *Id.* at 42.

28 <sup>14</sup> *Id.* at 43.

<sup>15</sup> *Id.* at p. 40.

- 1 • **Build Connection and Community** -- Our services help people connect, and when  
2 they're at their best, they bring people closer together.
- 3 • **Serve Everyone** -- We work to make technology accessible to everyone, and our  
4 business model is ads so our services can be free.
- 5 • **Keep People Safe and Protect Privacy** -- We have a responsibility to promote the  
6 best of what people can do together by keeping people safe and preventing harm.

7 47. The Proxy heralds Meta's "Community Standards" as providing robust and effective  
8 measures to protect users' safety on Facebook and Instagram. The Proxy stated:

9 **"Our Community Standards. *We are committed to*** both giving people a voice and  
10 ***keeping people safe on our platform.*** This is why we developed Facebook's Community  
11 Standards and Instagram's Community Guidelines to define what is and is not allowed  
12 on Facebook and Instagram. Facebook's Community Standards are available at  
13 [transparency.fb.com/policies/community-standards](https://transparency.fb.com/policies/community-standards) and Instagram's Community  
14 Guidelines are available at [facebook.com/help/instagram](https://facebook.com/help/instagram). We have also established a  
15 Stakeholder Engagement program to gather insights from a diverse range of  
16 stakeholders, including civil society organizations, activist groups, academics, and other  
17 thought leaders to inform the development of Facebook's Community Standards and  
18 Instagram's Community Guidelines and other policies. We publish more information  
19 about how we update our policies, measure results, work with other organizations,  
20 engage with external stakeholders and enforce our standards at  
21 [transparency.fb.com/policies/improving](https://transparency.fb.com/policies/improving).

22 **Community Standards Enforcement and Independent Assessment. *We are focused***  
23 ***on enforcing our community standards to help ensure the safety and security of our***  
24 ***platforms. We regularly issue Community Standards Enforcement Reports that track***  
25 ***our progress on enforcing our content policies on Facebook and Instagram.*** These  
26 reports are available at [transparency.fb.com/reports/community-standards-enforcement](https://transparency.fb.com/reports/community-standards-enforcement)  
27 and currently ***disclose the prevalence of several types of content that violate our***  
28 ***policies on Facebook and Instagram, the amount of this content we took action on,***  
***how much content we found proactively before people reported it,*** the amount of  
content we actioned that people appealed, and the amount of content we restored after  
removing it. ***In our report for the fourth quarter of 2023, we shared that the***  
***prevalence of violating content on Facebook and Instagram remained relatively***  
***consistent with the previous quarter across a wide range of violation areas.*** Our  
management also provides our audit & risk oversight committee with updates on  
community safety and security at least twice a year.

As part of our Community Standards Enforcement Report, we report on our ability to  
identify and remove content that violates our policies even before users report it to us. Our

reports also feature historical data to allow all stakeholders to assess our progress over time.”<sup>16</sup>

48. The Proxy also represents that:

Our Community Standards Enforcement Report was independently assessed by Ernst & Young LLP in 2022. *The assessment found that the calculation of metrics in our 2021 fourth quarter Community Standards Enforcement Report were fairly stated and our internal controls over the process were suitably designed and operating effectively.* We publicly disclosed the assessment results as part of our commitment to transparency and accountability, which are available at [about.fb.com/news/2022/05/community-standards-enforcement-report-assessment-results/](https://about.fb.com/news/2022/05/community-standards-enforcement-report-assessment-results/).<sup>17</sup>

49. The 2023 Proxy also contains the following false and misleading statements regarding the Company’s success in preventing exploitation of minors:

**Promoting Age-Appropriate Experiences.** We have developed more than 50 tools, features and resources across our apps to help support teens and parents, including supervision tools that allow parents to limit the amount of time their teens spend on our apps, and age verification technology designed to help teens have age-appropriate experiences. We also provide expert-backed resources to parents and guardians to make it easier for them to be involved in their teens’ social media experiences.

*Our teams have developed several features to foster a safe, positive, and supportive environment while helping to protect teens from unwanted contact.*

- *Teens under the age of 16 (or under the age of 18 in certain countries) are automatically placed in private accounts when they join Instagram.* Private accounts require people to request to follow before they can see or comment on content. *We also automatically place accounts of teens in these categories into the most restrictive content control setting on Instagram and Facebook, and recently announced an additional step to help protect them from unwanted contact by turning off their ability to receive direct messages from anyone they do not follow or are not connected to on Instagram, including other teens, by default.*
- *To help protect teens under the age of 18 from unwanted contact on Instagram, we restrict adults from messaging teens that do not follow them, and we limit the type and number of direct messages people can send to someone who does not follow them to one text-only message. In addition, in January 2024, we announced that we are starting to hide more types of content for teens on Instagram and Facebook.*
- *We have developed new technology that allows us to find accounts that have shown potentially suspicious behavior and help prevent those accounts from interacting*

<sup>16</sup> See 2024 Proxy at 40.

<sup>17</sup> *Id.* at 41.

*with young people's accounts. We automatically disable accounts if they exhibit a certain number of the 60+ signals we monitor for potentially suspicious behavior.*

50. Due to the increasing prevalence of exploitation of minors on Meta's platforms, a shareholder has included the following proposal in the 2024 Proxy:

**Proposal Eleven: Shareholder Proposal Regarding Report on Child Safety Impacts and Actual Harm Reduction to Children**

The proponents of this resolution are lead filer Proxy Impact on behalf of the Lisette Cooper 2015 Trust and the Linda C. Wisniewski Trust and co-filers Durocher Fund, Sisters of the Holy Names of Jesus and Mary U.S.-Ontario Province, CommonSpirit Health, The Maryknoll Sisters of St. Dominic, Inc., The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America, Providence St. Joseph Health and the Adrian Dominican Sisters.

**Meta Platforms — 2024 -- Report on Child Safety Impacts and Actual Harm Reduction to Children**

The internet was not developed with children in mind. Social media impacts children's brains differently than adult brains. It also poses physical and psychological risks that many children and teens are unprepared for, including sextortion and grooming, hate group recruitment, human trafficking (for any means), cyberbullying and harassment, exposure to sexual or violent content, invasion of privacy, self-harm content, and financial scams, among others.

Meta is the world's largest social media company with billions of children and teen users. Meta's platforms, including Facebook, Instagram, Messenger and WhatsApp, have been linked to numerous child safety impacts and social policy challenges, including:

**Mental Health:**

Meta's own company research showed Instagram's negative impacts on teens' self-image, increased rates of depression and anxiety, and a link to suicidal thoughts. The Wall St. Journal concluded that these Instagram documents revealed "Facebook has made minimal efforts to address these issues and plays them down in public."

**Sexual Exploitation:**

In 2021, nearly 29 million cases of online child sexual abuse material were reported; nearly 27 million of those (92 percent) stemmed from Meta platforms-- including Facebook, WhatsApp, Messenger and Instagram. A Forbes report on Instagram pedophiles described Instagram as "a marketplace for sexualized images of children."

**Cyberbullying:**

Time Magazine reported that “By one estimate, nearly 80% of teens are on Instagram and more than half of those users have been bullied on the platform.” A UK study found that Instagram accounted for 42 percent of online bullying, followed by Facebook with 39 percent.

**Data Privacy:**

In 2022, Meta was fined over \$400 million for failing to safeguard children’s information on Instagram.

**Legislation:**

The new European Union’s Digital Services Act will make identifying, reporting and removing child sexual abuse material mandatory.

Meta is facing significant regulatory, reputational, and legal risks due to these unabated issues. Meta’s website lists some steps taken to improve child safety, but it has no publicly available, company- wide child safety or harm reduction performance targets for investors and stakeholders to judge the effectiveness of Meta’s announced tools, policies and actions.

**Resolved:** Shareholders request that, within one year, the Board of Directors adopts targets and publishes annually a report (prepared at reasonable expense, excluding proprietary information) that includes quantitative metrics appropriate to assessing whether Meta has improved its performance globally regarding child safety impacts and actual harm reduction to children on its platforms.

51. In response to this shareholder proposal in the Proxy, the Defendants have caused Meta to recommend that shareholders vote against this proposal. To support this recommendation, the Defendants approved the following false and misleading information to be included in the Proxy:

**META BOARD RESPONSE**

- We want people, especially young people, to foster their online relationships in a safe environment, and we work closely with a broad range of stakeholders and experts to inform our approach to safety.
- ***Our policies prohibit harmful content, as well as content or behavior that exploits young people. We recently introduced enhanced protections designed to give teens more age-appropriate experiences on our apps and are focused on building features and tools that help people connect online safely and responsibly.***
- ***We seek to prevent child exploitation through a number of measures, including using sophisticated technology, to proactively find and take action on such content.***
- ***We have invested in a combination of technologies and tools designed to provide options to verify age, and protect young people's privacy, even in the absence of clear standards regarding online age verification.***

- 1 ○ We are committed to providing families with the tools they need to promote safe and age-appropriate social media usage.
- 2 ○ We publish Community Standards Enforcement Reports quarterly to track and
- 3 demonstrate our commitment to online safety and inclusivity.
- 4 ○ ***The board of directors provides oversight of this topic through its audit & risk oversight committee.***
- 5 ○ ***Given our ongoing efforts to address this topic, the board of directors believes that the requested report is unnecessary and would not provide additional benefit to our shareholders.***

6  
7 We want people, especially young people, to foster their online relationships in a safe environment, and we work closely with a broad range of stakeholders and experts to inform our approach to safety.

8  
9 We want users, including young people, to have a positive experience online. To achieve that goal, ***we take continual steps to develop our policies, tools, and technology, in consultation with experts, to support teens and families, and to try to prevent users from seeing content that might be sensitive.***

10  
11  
12 ***We have developed more than 50 tools across our apps to support teens and families, including supervision tools that allow parents to limit the amount of time their teens spend on Instagram, and age verification technology that helps teens have age-appropriate experiences. We also report on our progress and demonstrate our continued commitment to making Facebook and Instagram safe and inclusive through our Community Standards Enforcement Reports available in our Transparency Center.***

13  
14  
15  
16 ***We regularly collaborate with a group of external advisors for our youth efforts that includes third-party experts and professionals across online safety, privacy, media literacy, mental health, and child psychology.*** We work with the Safety Advisory Council, comprised of leading, independent internet safety organizations from around the world, who provide expertise, perspective, and insights that inform our approach to safety.

17  
18  
19 ***Our policies prohibit harmful content, as well as content or behavior that exploits young people. We recently introduced enhanced protections designed to give teens more age-appropriate experiences on our apps and are focused on building features and tools that help people connect online safely and responsibly.***

20  
21  
22 In January 2024, we announced that we are starting to hide more types of content for teens on Instagram and Facebook, in line with expert guidance. While we allow people to share content discussing their own struggles with suicide, self-harm and eating disorders, our policy is not to recommend this content and we have been focused on ways to make it harder to find.

23  
24  
25  
26 \* \* \*

27 We are also automatically placing accounts of teens into the most restrictive content control setting on Instagram and Facebook. We already applied this setting for new teens under 16 years old when they join Instagram and new teens under 18 years old when

they join Facebook, and recently expanded it to teens in these categories who are already using these apps. Our content recommendation controls – known as “Sensitive Content Control” on Instagram and “Reduce” on Facebook – are designed to make it more difficult for people to come across potentially sensitive content or accounts in places like Search and Explore.

To help make sure teens are regularly checking their safety and privacy settings on Instagram, and are aware of the more private settings available, we are sending new notifications encouraging them to update their settings to a more private experience with a single tap. If teens choose to “Turn on recommended settings”, our systems are designed to automatically change their settings to restrict who can repost their content, tag or mention them, or include their content in Reels Remixes. We will also take steps to ensure only their followers can message them and help hide offensive comments.

We encourage anyone who sees content they think breaks our rules to report it using our in-app reporting tools.

***We seek to prevent child exploitation through a number of measures, including using sophisticated technology, to proactively find and take action on such content.***

***Preventing child exploitation is one of the most important challenges facing our industry today.*** Online predators are determined criminals who use multiple apps and websites to target young people. They also test each platform’s defenses, and they learn to quickly adapt. That is why ***we are working hard to stay ahead.***

***We are constantly working on new features, tools, and technologies to help protect young people online and we use sophisticated technology, hire specialists in online child safety, report content to the NCMEC, and share information and tools with other companies, to help root out predators.***

Highlights of our efforts over the past year include:

- ***In August 2023 alone, we disabled more than 500,000 accounts for violating our child sexual exploitation policies,*** and between 2020 and 2023, our teams disrupted 37 abusive networks and removed nearly 200,000 accounts associated with those networks.
- ***We introduced additional ways to enable us to proactively find and remove accounts that may violate our child safety policies.*** For example, we send accounts that exhibit potentially suspicious behavior to our content reviewers and we will automatically disable these accounts if they exhibit enough of the 60+ signals we monitor for potentially suspicious behavior. ***More than 90,000 accounts were identified and automatically removed from August 2023 to December 2023 as a result of this method.***
- We recently announced our participation in Lantern, a new program from the Tech Coalition that enables technology companies to share a variety of signals about accounts and behaviors that violate their child safety policies. Lantern participants can use this information to conduct investigations on their own platforms and take action, as appropriate.

\* \* \*

We publish Community Standards Enforcement Reports quarterly to track and demonstrate our commitment to online safety and inclusivity.

Our quarterly Community Standards Enforcement Reports track and demonstrate our commitment to online safety and inclusivity. In Q3 2023, following enhancements in our detection systems and numerous network disruptions by our specialist investigative teams, we had a 135% increase in content actioned for Child Sexual Exploitation content. We hire specialists with backgrounds in law enforcement and online child safety to find predatory networks and remove them. These specialists monitor evolving behaviors exhibited by these networks - such as new coded language - to not only remove them, but to inform the technology we use to proactively find them.

***The board of directors provides oversight of this topic through its audit & risk oversight committee.***

Our board's audit & risk oversight committee has responsibility for reviewing our environmental, social, and governance (ESG) program and strategy and oversees our major risk exposures, including areas such as content governance and community safety and security. The committee is actively engaged on issues concerning safety on our platform, particularly as it relates to teens and children, and receives regular reporting on the steps management has taken to monitor and control such exposures to assist in overseeing risks associated with these topics.

Given our ongoing efforts to address this topic, the board of directors believes that the requested report is unnecessary and would not provide additional benefit to our shareholders.

The board of directors recommends a vote **AGAINST** the shareholder proposal.

52. The 2024 Proxy also contains another shareholder proposal entitled "**Proposal Twelve: Shareholder Proposal Regarding Report and Advisory Vote on Minimum Age for Social Media.**"

The proposal states in pertinent part:

***Social media platforms facilitate the spread of child sexual abuse material;***

- "The National Center for Missing & Exploited Children (NCMEC) has seen a 15,000% increase in abuse files reported in the last 15 years."
- "...Only six videos accounted for more than half of reported CSAM (child sexual abuse material) content across Facebook and Instagram—indicating that vast networks of individuals are relentlessly sharing pre-existing CSAM."

- “Incidents of children aged between seven and 10 being manipulated into recording abuse of themselves have surged by two-thirds over the past six months, according to a global report.”
- Social media addiction is linked to cyberbullying;
- “Sextortion” incidents targeting children and teenagers online have risen exponentially in recent years, per the FBI.

53. To combat these problems on Meta’s social media platforms, Shareholder Proposal Twelve requests Meta to make the following changes:

**Resolved:** Shareholders of Meta Platforms, Inc., request the Board of Directors to commission a third-party report assessing potential risks and benefits of instituting a higher minimum age for users of its social media products.

After the report’s publication, shareholders request the Company conduct an advisory shareholder vote on whether to institute a higher minimum age for users.

54. The Defendants caused Meta to recommend that shareholders vote AGAINST Proposal Twelve, making many of the same statements in opposition that they included in opposition to Proposal Eleven. Namely, the Defendants caused Meta to include the following statements in the Proxy in opposition to Proposal Twelve:

- *We seek to prevent child exploitation through a number of measures, including using sophisticated technology, to proactively find and take action on such content.*
- *Our policies prohibit harmful content, as well as content or behavior that exploits young people. We recently introduced enhanced protections designed to give teens more age-appropriate experiences on our apps and are focused on building features and tools that help people connect online safely and responsibly.*
- *The board of directors provides oversight of this topic through its audit & risk oversight committee.*
- *Implementing the requested report and advisory vote would impose substantial burdens and costs on the company, without providing any meaningful benefit to its shareholders.*

- 1 • We have developed more than 30 tools across our apps to help support teens and
- 2 families, including supervision tools that allow parents to limit the amount of time
- 3 their teens spend on our apps, and age verification technology designed to help teens
- 4 have age-appropriate experiences. We also report on our progress and demonstrate our
- 5 continued commitment to making Facebook and Instagram safe and inclusive through
- 6 our Community Standards Enforcement Reports available in our Transparency Center.
- 7 • We regularly collaborate with a group of external advisors for our youth efforts that
- 8 includes professionals across online safety, privacy, media literacy, mental health, and
- 9 child psychology. *We have publicly reported on our efforts to find and report child*
- 10 *exploitation to the National Center for Missing and Exploited Children (NCMEC),*
- 11 *and recently enhanced our transparency by providing insights on CyberTipline*
- 12 *reports to NCMEC that may include inappropriate interactions with children.* We
- 13 also work with our Safety Advisory Council, comprising leading, independent internet
- 14 safety organizations from around the world, who provide expertise, perspective, and
- 15 insights that inform our approach to safety.
- 16 • *We seek to prevent child exploitation through a number of measures, including*
- 17 *using sophisticated technology, to proactively find and take action on such content.*
- 18 • *We are constantly working on new features, tools, and technologies to help protect*
- 19 *young people online and we use sophisticated technology, hire specialists in online*
- 20 *child safety, report content to the NCMEC, and share information and tools with*
- 21 *other companies, to help root out predators.*

22 55. The 2024 Proxy Statement also solicits Plaintiff to vote in favor of the election of the  
 23 Company's directors. The following directors are nominated for election at the 2024 annual meeting:

- 24 (a) Mark Zuckerberg
- 25 (b) Robert M. Kimmitt
- 26 (c) Peggy Alford
- 27 (d) Marc L. Andreessen
- 28 (e) Andrew W. Houston

1 (f) Nancy Killefer

2 (g) Tracey T. Travis

3 (h) Tony Xu

4 (i) John Arnold

5 (j) Hock E. Tan

6 56. With respect to the director nominees, the Proxy states that:

7 “Our director nominees have diverse backgrounds and perspectives that enable them to  
8 provide valuable guidance on both strategic and operational issues. Our nominees have  
9 extensive leadership and compliance experience, as well as corporate governance  
10 expertise arising from service on other boards of directors. Many of our nominees have  
11 global business experience, including through service as CEO or in other senior corporate  
12 leadership positions involving management of complex operations, business challenges,  
13 risks, and growth. Several nominees have experience with technology or product  
14 innovation and development, entrepreneurship, commerce, and the dynamics of our  
industry. Other nominees have significant public sector experience from serving in high-  
level government positions, including experience with significant regulatory and public  
policy issues. Our board of directors benefits from these qualifications, as well as the  
perspective of our Chairman who has in-depth knowledge of our company through service  
as our CEO.”

15 57. In addition, the Proxy represents that several directors had substantial legal and  
16 compliance experience that was allegedly valuable to the Company to help assure its compliance with  
17 applicable laws and the Company’s own policies. The Proxy stressed “Kimmitt’s legal and compliance  
18 experience, prior service in senior U.S. government roles and on outside boards, and international  
19 experience provide our board of directors with relevant skills and perspective to navigate the challenges  
20 of the dynamic regulatory and geopolitical environments, execute on our strategic priorities, and provide  
21 effective oversight of management.”

22 58. The Proxy also states that “Ms. Alford’s global business, leadership, and compliance  
23 experience in both operational and financial oversight roles, as well as her experience as a senior  
24 executive within the industry, provide our board of directors with insights related to the technology sector  
25 that are relevant to our evolving strategy, business, and operations.”

26 59. The Proxy represents that “Ms. Killefer provides our board of directors with strong  
27 oversight gained through her experience as a trusted advisor and strategist working with leaders of  
28

corporations and governments, as well as relevant skills and perspective to navigate the challenges of the dynamic regulatory and geopolitical environments.”

60. With respect to Director Travis, the Proxy states that “Ms. Travis’ global business and financial experience as a chief financial officer of multiple global companies provides our board of directors with extensive financial and operational expertise to support oversight of our evolving strategy, capital allocation practices, and international presence.”

61. Regarding Director Xu, the 2024 Proxy represents to shareholders that “Mr. Xu’s extensive leadership, entrepreneurship, business, technology, and product innovation and development experience, as well as his deep understanding of the dynamics of our industry as chief executive officer and founder of a large technology company, provide our board of directors with insights related to the management of technology companies and dynamics of a founder-led company.”

62. The Proxy also represents that Board nominees are exercising effective oversight over management and have identified and adopted effective internal controls to protect against the key enterprise risks facing the Company:

BOARD OF DIRECTORS		
<ul style="list-style-type: none"> <li>• Strategic and business risk management</li> <li>• CEO succession planning</li> </ul>		
AUDIT & RISK OVERSIGHT COMMITTEE	PRIVACY COMMITTEE	COMPENSATION, NOMINATING & GOVERNANCE COMMITTEE
<ul style="list-style-type: none"> <li>• Financial and enterprise risk</li> <li>• Legal and regulatory compliance</li> <li>• ESG policies and practices</li> <li>• Cybersecurity</li> <li>• Risks associated with special topics including content governance, community safety and security, human rights and civil rights</li> <li>• Policies and procedures for assessing and managing risk</li> <li>• Internal audit function</li> </ul>	<ul style="list-style-type: none"> <li>• Privacy and data use, including legal and regulatory compliance</li> <li>• Compliance with comprehensive privacy program adopted in compliance with FTC consent order</li> <li>• Steps taken or planned to monitor or mitigate privacy and data use risks</li> <li>• Selection of independent, third-party assessor to review our privacy practices, oversight of the biennial assessments, and regular engagement with the assessor</li> <li>• Other privacy and product-related matters including artificial intelligence as well as youth and well-being</li> </ul>	<ul style="list-style-type: none"> <li>• Director elections and corporate governance practices</li> <li>• Compensation policies and practices, including compensation philosophy, objectives, and design</li> <li>• Succession planning for our board of directors, including sole responsibility for director nominations and appointments to and removals from the Privacy Committee</li> <li>• Succession planning for certain key executives other than the CEO</li> </ul>

## SENIOR MANAGEMENT

•The identification and assessment of key risks, risk mitigation strategies, and ongoing developments, and regularly reporting to our board of directors and its committees on the most significant risks and management's plans to address those risks

### C. Reasons Why the Statements in the 2024 Proxy Are False

63. The 2024 Proxy is materially misleading because it continuously represents to shareholders that “Our policies prohibit harmful content, as well as content or behavior that exploits young people” when in fact the Defendants knew or should have known that Meta’s policies did not in fact prohibit harmful content and exploitation of children and that the Company’s internal controls over such issues were materially deficient.

64. On June 7, 2023, The Wall Street Journal ran an article entitled “Instagram Connects Vast Pedophile Network.”<sup>18</sup>

65. The article noted that “Instagram, the popular social-media site owned by Meta Platforms, helps connect and promote a vast network of accounts openly devoted to the commission and purchase of underage-sex content, according to investigations by The Wall Street Journal and researchers at Stanford University and the University of Massachusetts Amherst.” The article noted that Instagram accounts offering to sell illicit sex material posted “menus” of content. Certain accounts invite buyers to commission specific acts. Some menus include prices for videos of children harming themselves and “imagery of the minor performing sexual acts with animals,” researchers at the Stanford Internet Observatory found. At the right price, children are available for in-person “meet ups.”

66. In response to questions from the Wall Street Journal, *Meta acknowledged problems within its enforcement operations* and said it has set up an internal task force to address the issues raised. “Child exploitation is a horrific crime,” the company said, adding, “We’re continuously investigating ways to actively defend against this behavior.” The article noted that the promotion of underage-sex content violates rules established by Meta as well as federal law.

<sup>18</sup> See Jeff Horwitz, “Instagram Connects Vast Pedophile Network,” THE WALL STREET JOURNAL, June 7, 2023, available at <https://www.wsj.com/articles/instagram-vast-pedophile-network-4ab7189>.

1           67. But the 2024 Proxy Statement does not acknowledge these substantial problems on the  
2 Company's networks and the serious failures of Meta Platform's controls and procedures designed to  
3 prevent such problems, and instead omits to disclose these material facts and misrepresents that Meta's  
4 systems and controls are functioning effectively to prevent such harm.

5           68. The June 7, 2023 Wall Street Journal article provided many more examples of how Meta's  
6 internal controls are materially deficient. The article noted that although Meta said it had in the prior two  
7 years taken down 27 pedophile networks and was planning more removals, when questioned by the  
8 Journal about continuing problems, Meta said it conducted further review in response to the Journal's  
9 queries and then blocked thousands of hashtags that sexualize children, some with millions of posts, and  
10 restricted its systems from recommending users search for terms known to be associated with sex abuse.  
11 Meta also then told the Journal that it was working on preventing its systems from recommending that  
12 potentially pedophilic adults connect with one another or interact with one another's content, thus  
13 conceding that its systems were deficient and ineffective.

14           69. The Wall Street Journal also interviewed Alex Stamos about the extreme and pervasive  
15 problems on Meta's networks. Mr. Stamos is an extremely credible and knowledgeable expert on such  
16 issues and just happens to be Meta's former Chief Information Security Officer. He is now at Stanford.  
17 In response to being presented with the findings of the Wall Street Journal, Stanford, and University of  
18 Massachusetts Amherst, Mr. Stamos said: "***That a team of three academics with limited access could***  
19 ***find such a huge network should set off alarms at Meta,***" noting that the company has far more effective  
20 tools to map its pedophile network than outsiders do. "I hope the company reinvests in human  
21 investigators," he added. As the former CISO for Meta, Stamos' comments are telling. Meta has far  
22 more sophisticated internal tools to detect child exploitation on its networks. It knew about the rampant  
23 problems and failed to fully disclose the problems and deficiencies in its internal controls when it filed  
24 the 2023 Proxy.

25           70. In its reporting, the Wall Street Journal consulted with academic experts on online child  
26 safety. Stanford's Internet Observatory, a division of the university's Cyber Policy Center focused on  
27 social-media abuse, produced an independent quantitative analysis of the Instagram features that help  
28 users connect and find content.

1           71. The Journal also approached UMass’s Rescue Lab, which evaluated how pedophiles on  
2 Instagram fit into the larger world of online child exploitation. Using different methods, *both entities*  
3 *were able to quickly identify large-scale communities promoting criminal sex abuse.*

4           72. Test accounts set up by researchers that viewed a single account in the network were  
5 immediately hit with “suggested for you” recommendations of purported child-sex-content sellers and  
6 buyers, as well as accounts linking to off-platform content trading sites. Following just a handful of these  
7 recommendations was enough to flood a test account with content that sexualizes children.

8           73. The Stanford Internet Observatory used hashtags associated with underage sex to find 405  
9 sellers of what researchers labeled “self-generated” child-sex material—or accounts purportedly run by  
10 children themselves, some saying they were as young as 12. According to data gathered via Maltego, a  
11 network mapping software, 112 of those seller accounts collectively had 22,000 unique followers.  
12 “Instagram is currently the most important platform for these networks, with features that help connect  
13 buyers and sellers,” a report from Stanford’s Internet Observatory noted. “Instagram’s recommendation  
14 algorithms are a key reason for the platform’s effectiveness in advertising” self-generated child sexual  
15 abuse material.<sup>19</sup>

16           74. Underage-sex-content creators and buyers are just a corner of a larger ecosystem devoted  
17 to sexualized child content. Other accounts in the pedophile community on Instagram aggregate pro-  
18 pedophilia memes, or discuss their access to children. *Current and former Meta employees who have*  
19 *worked on Instagram child-safety initiatives estimate the number of accounts that exist primarily to*  
20 *follow such content is in the high hundreds of thousands, if not millions.*<sup>20</sup>

21           75. Instagram, estimated to have more than 1.3 billion users, is especially popular with teens.  
22 The Stanford researchers found some similar sexually exploitative activity on other, smaller social  
23 platforms, but said they found that the problem on Instagram is particularly severe. “The most important  
24 platform for these networks of buyers and sellers seems to be Instagram,” they wrote in a report slated  
25 for release on June 7, 2023.

26  
27 <sup>19</sup> See Joseph Konig, “Report: Instagram’s algorithms play key role in sale of child sexual abuse  
material,” SPECTRUM NEWS, June 8, 2023.

28 <sup>20</sup> See Jeff Horwitz, “Instagram Connects Vast Pedophile Network,” THE WALL STREET JOURNAL,  
June 7, 2023, available at <https://www.wsj.com/articles/instagram-vast-pedophile-network-4ab7189>.

1           76. Meta, with more than 3 billion users across its apps, which include Instagram, Facebook  
2 and WhatsApp, is able to detect known explicit images if they are not encrypted. Meta accounted for 85%  
3 of the child pornography reports filed to the National Center for Missing & Exploited Children, including  
4 some 5 million from Instagram.

5           77. Meta’s automated screening for existing child exploitation content cannot detect new  
6 images or efforts to advertise their sale, according to the Wall Street Journal article. Preventing and  
7 detecting such activity requires not just reviewing user reports but tracking and disrupting pedophile  
8 networks, say current and former staffers as well as the Stanford researchers. The goal is to make it  
9 difficult for such users to connect with each other, find content and recruit victims.

10           78. Such work is vital because law-enforcement agencies lack the resources to investigate  
11 more than a tiny fraction of the tips NCMEC receives, said Levine of UMass. That means the platforms  
12 have primary responsibility to prevent a community from forming and normalizing child sexual abuse.

13           79. *Meta has struggled with these efforts more than other platforms both because of weak*  
14 *enforcement and design features that promote content discovery of legal as well as illicit material,*  
15 *Stanford found.*

16           80. *The Stanford team found 128 accounts offering to sell child-sex-abuse material on*  
17 *Twitter, less than a third the number they found on Instagram, which has a far larger overall user*  
18 *base than Twitter.* Twitter didn’t recommend such accounts to the same degree as Instagram, and it took  
19 them down far more quickly, the team found.

20           81. David Thiel, chief technologist at the Stanford Internet Observatory, said, “Instagram’s  
21 problem comes down to content-discovery features, the ways topics are recommended and how much the  
22 platform relies on search and links between accounts.” Thiel, who previously worked at Meta on security  
23 and safety issues, added, *“You have to put guardrails in place for something that growth-intensive to*  
24 *still be nominally safe, and Instagram hasn’t.”* The platform has struggled to oversee a basic  
25 technology: keywords. Hashtags are a central part of content discovery on Instagram, allowing users to  
26 tag and find posts of interest to a particular community—from broad topics such as #fashion or #nba to  
27 narrower ones such as #embroidery or #spelunking.  
28

1           82.     Pedophiles have their chosen hashtags, too. Search terms such as #pedobait and variations  
2 on #mnsfw (“minor not safe for work”) had been used to tag thousands of posts dedicated to advertising  
3 sex content featuring children, rendering them easily findable by buyers, the academic researchers found.  
4 Following queries from the Journal, Meta said it was in the process of banning such terms.

5           83.     In many cases, Instagram has permitted users to search for terms that its own algorithms  
6 know may be associated with illegal material. In such cases, a pop-up screen for users warned that “These  
7 results may contain images of child sexual abuse,” and noted that production and consumption of such  
8 material causes “extreme harm” to children. The screen offered two options for users: “Get resources”  
9 and “See results anyway.”

10          84.     In response to questions from the Wall Street Journal, Instagram removed the option for  
11 users to view search results for terms likely to produce illegal images. The company declined to say why  
12 it had offered the option.

13          85.     The pedophilic accounts on Instagram mix brazenness with superficial efforts to veil their  
14 activity, researchers found. Certain emojis function as a kind of code, such as an image of a map—  
15 shorthand for “minor-attracted person”—or one of “cheese pizza,” which shares its initials with “child  
16 pornography,” according to Levine of UMass. Many declare themselves “lovers of the little things in  
17 life.”

18          86.     Accounts identify themselves as “seller” or “s3ller,” and many state their preferred form  
19 of payment in their bios. These seller accounts often convey the child’s purported age by saying they are  
20 “on chapter 14,” or “age 31” followed by an emoji of a reverse arrow.

21          87.     Some of the accounts bore indications of sex trafficking, said Levine of UMass, such as  
22 one displaying a teenager with the word WHORE scrawled across her face.

23          88.     Meta’s Proxy Statement was also false because it significantly misrepresented the  
24 effectiveness of its controls to prevent exploitation of minors and omitted to disclose the full extent of  
25 the child exploitation problems on its networks. *“Meta, Instagram’s parent company, found that*  
26  
27  
28

1 *500,000 child Instagram accounts had ‘inappropriate’ interactions every day, according to a [Meta]*  
 2 *internal study in 2020.’*<sup>21</sup>

3 89. Further, Meta’s own internal Community Standards Enforcement Report has documented  
 4 how content that sexually exploits children has proliferated at an astounding rate on Facebook and  
 5 Instagram. From March 2021 to September 2022, the amount of such horrific content exploded,  
 6 *increasing from 5.0 million posts to 30.1 million posts, a six-fold increase in just eighteen months.*<sup>22</sup>  
 7 The Proxy failed to disclose the full extent of this problem and the failure of the Company’s internal  
 8 controls to curtail it.

9 90. The Company’s Community Standards Enforcement Report also admits that Meta’s  
 10 internal controls are inadequate to allow it to accurately report the prevalence of child endangerment  
 11 violations:

## 12 How prevalent were child endangerment 13 violations?

14 We cannot estimate prevalence for child endangerment right now. We will  
 15 continue to expand prevalence measurement to more areas as we confirm  
 16 accuracy and meaningful data.<sup>23</sup>

17 91. Meta’s Proxy Statement also fails to disclose that Instagram “[a]ccount owners who report  
 18 explicit images or potential predators to Instagram are typically met with silence or indifference, and  
 19 those who block many abusers have seen their own accounts’ ability to use certain features limited.”<sup>24</sup>  
 20 An in-depth investigation by The New York Times noted that “*In the course of eight months, The Times*  
 21 *made over 50 reports of its own about questionable material and received only one response.*”<sup>25</sup>

22 92. The Proxy Statement also fails to disclose that Instagram’s launch of paid subscriptions in  
 23 2022 had exacerbated the problem of pedophiles and sexual predators on its network. The rules do not  
 24

25 <sup>21</sup> See Jennifer Valentino-DeVries, “Predators Leer as Moms Put Girls on Instagram,” THE NEW YORK  
 26 TIMES, Feb. 25, 2024.

27 <sup>22</sup> See <https://transparency.fb.com/reports/community-standards-enforcement/child-nudity-and-sexual-exploitation/facebook/>.

28 <sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

1 allow subscriptions for anyone under 18, but Instagram’s mom-run accounts sidestep that restriction and  
 2 typically charge anywhere from 99 cents to \$19.99. At the highest price, parents offered “ask me  
 3 anything” chat sessions and behind-the-scenes photos.

4 93. Child safety experts warn the subscriptions and other features could lead to unhealthy  
 5 interactions, with men believing they have a special connection to the girls and the girls believing they  
 6 must meet the men’s needs. “Message me anytime. You will have more opportunities for buying and  
 7 receiving super exclusive content 🤔,” read a description for a \$25 subscription to a minor’s account. For  
 8 \$100 a month, subscribers can get “live interactive video chats,” unlimited direct messages and a mention  
 9 on the girl’s Instagram story.<sup>26</sup> One account for a child around 14 years old encouraged new sign-ups at  
 10 the end of last year by branding the days between Christmas and New Year’s as “Bikini Week.” An  
 11 account for a 17-year-old girl advertised that she wasn’t wearing underwear in a workout photo set and,  
 12 as a result, the images were “uh ... a lot spicier than usual.” The girl’s “Elite VIP” subscription costs  
 13 \$250 a month.

14 94. An examination by The New York Times of the three dozen brands that are popular among  
 15 mom-run accounts on Instagram found inappropriate, predatory or pornographic followers in almost all  
 16 of the brands’ accounts.<sup>27</sup> Many of the men posted pornography, or their bios included sexual language  
 17 and emojis that child protection experts say pedophiles can use to signal interest in children. For instance,  
 18 one follower of a children’s dance wear brand described himself as a “thong & anl sx lover.” A user  
 19 named “sexy\_69nazi” followed a children’s apparel company and exclusively posted pornography.<sup>28</sup>

20 95. Men in chat groups frequently praise the advent of Instagram as a golden age for child  
 21 exploitation. “I’m so glad for these new moms pimping their daughters out,” wrote one of them. “And  
 22 there’s an infinite supply of it — literally just refresh your Instagram Explore page there’s fresh  
 23 preteens.”<sup>29</sup>

24 96. But Meta Platforms has consistently failed to take timely or necessary action to prevent  
 25 the proliferation of child exploitation on Instagram. Meta failed to act on multiple reports made by  
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27 <sup>26</sup> *Id.*

28 <sup>27</sup> *Id.*

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

1 parents and even restricted those who tried to police their own followers, according to interviews and  
 2 materials provided by the parents and reviewed by The New York Times. If parents block too many  
 3 followers' accounts in a day, Meta curtails their ability to block or follow others, they said.<sup>30</sup> Instagram  
 4 provides no ability for account users to filter users by sex or age to assist in blocking suspicious  
 5 individuals.

6 97. One parent reported to Instagram that they had received a photo of erect male genitalia  
 7 sent in a direct message. Another reported an account that reposted children's photos with explicit  
 8 captions. A third reported a user who propositioned her child for sex, offering \$65,000 for "an hour" with  
 9 the girl. In response to those three reports, Meta said either that the communications did not violate  
 10 "community guidelines" or that its staff did not have time to review them. In other cases, Meta told  
 11 parents that it relied on its "technology" to determine the content was "probably" not a violation.

12 98. Separately, The New York Times found comments that included links to sites identified  
 13 by the Canadian center as trading illegal, nude imagery of children. None of those reports received a  
 14 response from Meta.

15 99. Former Meta employees described an organization overwhelmed despite knowing about  
 16 the problem for years. "You hear, 'I reported this account, it was harassing my daughter, why is he  
 17 back?'" said a former investigator for the company who requested anonymity. "*There are not enough*  
 18 *people, resources and systems to tackle all of it.*"<sup>31</sup>

19 100. *A 2020 document that surfaced in a lawsuit described child safety as a "non-goal" at*  
 20 *Meta.* "If we do something here, cool," the document said. "*But if we do nothing at all, that's fine too.*"  
 21 The lawsuit was brought against Meta and other companies claiming damage from using social media.<sup>32</sup>  
 22 In documents from 2018 included in a separate lawsuit making similar claims of harm, a top Facebook  
 23 executive told Instagram's chief executive that unless changes were made, Facebook and Instagram were  
 24 "basically massive 'victim discovery services,'" an allusion to the considerable evidence of abuse on the  
 25 platforms.<sup>33</sup>

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26  
 27 <sup>30</sup> *Id.*

<sup>31</sup> *Id.*

<sup>32</sup> *Id.*

<sup>33</sup> *Id.*

101. Some parents who have exploited their own children through postings on Instagram have been prosecuted, but the government has far too few resources to pursue any cases other than the most clear-cut. Some male followers of the Instagram mom-run accounts openly welcome the windfall. “As long as this stuff legally exists, I just enjoy it :),” one of them wrote on Telegram. “Exactly,” another responded. *“It’s all over Instagram.”*<sup>34</sup>

102. Meta’s failure to spend sufficient resources to defend vulnerable minors stands in stark contrast to its spending on the safety of its officers and directors. For example, Meta spent approximately \$9,192,972, \$8,981,973, and \$7,646,560 in 2022, 2021, and 2020, respectively, for costs related to personal security for Sheryl Sandberg at her residences and during personal travel.<sup>35</sup> In 2021, Meta spent \$26.8 million for the personal security and private aircraft of Mr. Zuckerberg. The 2024 Proxy stated that “Since 2018, we have provided an annual pre-tax allowance of \$10 million to Mr. Zuckerberg to cover additional costs related to his and his family’s personal security.”<sup>36</sup> The 2024 Proxy also reveals that Meta paid Mr. Zuckerberg “\$9,431,139, \$14,829,245, and \$15,195,103 in 2023, 2022, and 2021, respectively, for costs related to personal security for Mr. Zuckerberg at his residences and during personal travel pursuant to Mr. Zuckerberg’s overall security program.”<sup>37</sup>

#### D. Recent Developments Also Demonstrate the Falsity of the Proxy

##### 1. Meta’s Internal Statistics Reveal That the Problem of Sexual Exploitation of Minors on Facebook and Instagram Has Gotten Much Worse

103. Meta published its Q3 2023 Community Standards Enforcement Report for Facebook and Instagram in November 2023.<sup>38</sup> It contained a section entitled “**Child Endangerment: Nudity and Physical Abuse and Sexual Exploitation.**” That section stated:

We do not allow content that endangers children, such as content that contains nudity or physical abuse or content that sexually exploits children on Facebook and Instagram. When we find this type of violating content, we remove it, regardless of the context or the person's motivation for sharing it. We may also disable the account of the person who shared it, unless it appears the intent was not malicious (for example, to spread awareness of child exploitation).

<sup>34</sup> *Id.*

<sup>35</sup> See 2023 Proxy Statement at p. 56.

<sup>36</sup> See 2024 Proxy at p. 65.

<sup>37</sup> *Id.* at p. 68.

<sup>38</sup> The report notes that the community standards are the same for both Facebook and Instagram.

104. The report also stated that “We report apparent child exploitation to the National Center for Missing and Exploited Children (NCMEC), a nonprofit that refers cases to law enforcement globally, in compliance with US law. We choose to remove content depicting non-sexualized child nudity to reduce the potential for abuse of the content by others.”

105. But far from showing that Meta’s policies and efforts to supposedly protect children had fixed the problem, the report showed that the problem has spiraled out of control. The report<sup>39</sup> stated in relevant part under “Recent Trends” that:

## Recent trends



106. In other words, the amount of content on Facebook and Instagram that violated the Company’s “Community Standards” due to the fact that it was deemed to constitute sexual exploitation of children increased by 135% between Q2 and Q3 2023, from 7.2 million posts to 16.9 million posts.

<sup>39</sup> Available at <https://transparency.fb.com/reports/community-standards-enforcement/child-nudity-and-sexual-exploitation/facebook/>.

1                   **2. Meta Platforms CEO Mark Zuckerberg is Summoned to Testify Before the Senate**  
2                   **Judiciary Committee for Meta’s Failure to Protect Children**

3           107. In December 2023, US senators urgently invited the CEOs of five of the major social  
4 media giants to testify about their failure to protect children online. One of the five summoned by the  
5 Senate Judiciary Committee was Defendant Mark Zuckerberg, CEO of Meta. The CEOs of X, Discord,  
6 and Snap were required to testify after subpoenas were issued by the Committee, following repeated  
7 refusals by the three leaders to testify. The CEOs of Meta and TikTok voluntarily agreed to testify at the  
8 hearing.

9           108. The Senate hearing occurred on January 31, 2024. The hearing was called to “examine  
10 and investigate the plague of online child sexual exploitation,” according to a statement from the US  
11 Senate judiciary committee. During the hearing, Defendant Zuckerberg turned to parents of victims on  
12 the Senate floor and apologized. “I’m sorry for everything you have all been through,” Zuckerberg said  
13 as parents held up photos of their children who have died following sexual exploitation or harassment via  
14 social media. “No one should go through the things that your families have suffered and this is why we  
15 invest so much and we are going to continue doing industry-wide efforts to make sure no one has to go  
16 through the things your families have had to suffer.”

17           109. In other words, Zuckerberg apologized but conditioned his apology on a self-serving  
18 statement that Meta was allegedly investing “so much” to combat the problem. Zuckerberg’s opening  
19 statement also rankled those at the hearing. Zuckerberg said: “The existing body of scientific work has  
20 not shown a causal link between using social media and young people having worse mental health.”  
21 Senator Josh Hawley excoriated him for the remark later in the hearing. Senator Durbin later stated that  
22 “Their design choices, their failures to adequately invest in trust and safety, their constant pursuit of  
23 engagement and profit over basic safety of all put our kids and grandkids at risk.”

24           110. Zuckerberg stated at the hearing that Meta had introduced more than 30 tools over the last  
25 eight years, including controls that let parents set time limits for app usage and see who their children are  
26 following and engaging with online. But a two-year investigation by The Guardian suggested that Meta  
27  
28

has struggled to prevent criminals from using its platforms to buy and sell children for sex.<sup>40</sup> New Mexico’s attorney general sued Meta in early December 2023, alleging the company “enabled adults to find, message and groom minors” for sexual exploitation. Damning internal documents have emerged from the suit. Wednesday’s hearing also comes amid a growing body of reports about negative impacts of social media on the mental health of young people.

111. On January 17, 2024, internal Meta documents were disclosed as part of the lawsuit filed against Meta by the New Mexico Attorney General on December 5, 2023, which alleges that Meta’s social networks have become marketplaces for child predators. Raúl Torrez, the state’s attorney general, has accused Meta of enabling adults to find, message and groom children. The internal Meta documents revealed that *Meta itself estimates that about 100,000 children using Facebook and Instagram receive online sexual harassment each day*, including “pictures of adult genitalia.”<sup>41</sup> The documents describe an incident in 2020 when the 12-year-old daughter of an executive at Apple was solicited via IG Direct, Instagram’s messaging product.

112. “This is the kind of thing that pisses Apple off to the extent of threatening to remove us from the App Store,” a Meta employee fretted, according to the documents. A senior Meta employee described how his own daughter had been solicited via Instagram in testimony to the US Congress late last year. His efforts to fix the problem were ignored, he said.

113. A 2021 internal Meta presentation on child safety was also referenced in the New Mexico lawsuit. According to the suit, one slide stated that Meta is “underinvested in minor sexualization on IG [Instagram], notable on sexualized comments on content posted by minors. Not only is this a terrible experience for creators and bystanders, it’s also a vector for bad actors to identify and connect with one another.”

114. The New Mexico complaint also highlights Meta employees’ concerns over child safety. In a July 2020 internal Meta chat, one employee asked: “What specifically are we doing for child

<sup>40</sup> See “Zuckerberg Tells Parents of Social Media Victims at Senate Hearing: ‘I’m sorry for everything you’ve been through’” THE GUARDIAN, Jan. 31, 2024, available at <https://www.theguardian.com/us-news/2024/jan/31/tiktok-meta-x-congress-hearing-child-sexual-exploitation>.

<sup>41</sup> See “Meta documents show 100,000 children sexually harassed daily on its platforms,” THE GUARDIAN, Jan. 18, 2024, available at <https://www.theguardian.com/technology/2024/jan/18/instagram-facebook-child-sexual-harassment>.

grooming (something I just heard about that is happening a lot on TikTok)?” According to the complaint, he received a response: “Somewhere between zero and negligible.”

115. Internal Meta documents also revealed that its employees discussed the use of Messenger “to coordinate trafficking activities” and that the employees recognized that “every human exploitation stage (recruitment, coordination, exploitation) is represented on our platform,” according to documents included in the New Mexico suit. Yet, an internal 2017 email described executive opposition to scanning Facebook Messenger for “harmful content” because it would place the service “at a competitive disadvantage vs other apps who might offer more privacy.”

116. The documents unsealed from the New Mexico Department of Justice lawsuit against both Meta and its CEO, Mark Zuckerberg, reveal that Meta not only intentionally marketed its messaging platforms to children, but also knew about the massive volume of inappropriate and sexually explicit content being shared between adults and minors.<sup>42</sup> According to the documents and New Mexico Attorney General Raul Torrez, Meta recognized the risks that Messenger and Instagram DMs posed to underaged users, but failed to prioritize implementing safeguards or outright blocked child safety features because they weren’t profitable.<sup>43</sup> The New Mexico AG’s complaint alleges that “Meta’s algorithms operate to ‘search and disseminate’ sexually exploitative and explicit materials and to create its own social network of users looking to buy and sell the images and the children who are its casualties and its currency.”<sup>44</sup> The New Mexico AG’s investigation “found that certain child exploitative content is over ten times more prevalent on Facebook and Instagram than it is on Pornhub and OnlyFans.”<sup>45</sup>

<sup>42</sup> See Morgan Sung, “Unredacted Meta documents reveal ‘historical reluctance’ to protect children,” TECH CRUNCH, Jan. 17, 2024, available at [https://techcrunch.com/2024/01/17/unredacted-meta-documents-reveal-historical-reluctance-to-protect-children-new-mexico-lawsuit/?guccounter=1&guce\\_referrer=aHR0cHM6Ly9kdWNrZHVja2dvLmNvbS8&guce\\_referrer\\_sig=AQAAAIgGaulT3\\_ELQwfXvgFVIRMIQoHynejLmS202XYoW54omduF-Th-24UQanAXj0QFTTnPzD\\_2\\_-umRgyqV13VN3-rw4GHUubatzu5z5rSG5BlgeBrv5xfnFUfEERkxY0KljEafI\\_Z79WGqrLtXUkJCSpl4THRjfpsD4VXnR-Y3-H3](https://techcrunch.com/2024/01/17/unredacted-meta-documents-reveal-historical-reluctance-to-protect-children-new-mexico-lawsuit/?guccounter=1&guce_referrer=aHR0cHM6Ly9kdWNrZHVja2dvLmNvbS8&guce_referrer_sig=AQAAAIgGaulT3_ELQwfXvgFVIRMIQoHynejLmS202XYoW54omduF-Th-24UQanAXj0QFTTnPzD_2_-umRgyqV13VN3-rw4GHUubatzu5z5rSG5BlgeBrv5xfnFUfEERkxY0KljEafI_Z79WGqrLtXUkJCSpl4THRjfpsD4VXnR-Y3-H3).

<sup>43</sup> *Id.*

<sup>44</sup> See New Mexico complaint, filed 12/5/23, at ¶71.

<sup>45</sup> See December 6, 2023 press release by New Mexico Attorney General, available at <https://nm DOJ.gov/press-release/attorney-general-raul-torrez-files-lawsuit-against-meta-platforms-and-mark-zuckerberg-to-protect-children-from-sexual-abuse-and-human-trafficking/>.

117. In December 2023, Meta received widespread criticism for rolling out end-to-end encryption for messages sent on Facebook and via Messenger. Encryption hides the contents of a message from anyone but the sender and the intended recipient by converting text and images into unreadable cyphers that are unscrambled on receipt. Child safety experts, policymakers and law enforcement have argued encryption obstructs efforts to rescue child sex-trafficking victims and the prosecution of predators.

118. These internal Meta documents undermine and contradict the statements in the 2023 Proxy and Zuckerberg's self-serving public statements claiming that Meta is doing all it can to eliminate and curtail the exploitation of minors on its social media networks.

### 3. Meta Staff Found an Instagram Tool Enabled Child Exploitation, But the Company Pressed Ahead Anyway

119. On February 22, 2024, the Wall Street Journal published an exclusive, in-depth investigative article entitled "Meta Staff Found Instagram Tool Enabled Child Exploitation. The Company Pressed Ahead Anyway."<sup>46</sup> The article disclosed significant new facts, many based on internal Meta documents, on how Meta has known since 2022 that Instagram's and Facebook's roll-out of paid subscription services is posing harm to minors, yet failed to take necessary action. The following year, Meta began a broad implementation of the tipping and paid-subscription services, which was part of its effort to give influencers a financial incentive for producing content. Producing more content is critical to Meta's financial success and revenues since the vast majority of its revenues come from advertising. Only accounts belonging to adults are eligible to sell content or solicit donations, but the platform allows adults to run or co-manage accounts in a child's name.

120. The article noted that *Meta Platforms' safety staff warned in 2023 that new paid subscription tools on Facebook and Instagram were being misused by adults seeking to profit from exploiting their own children*. Two teams inside Meta raised alarms in internal reports, after finding that hundreds of what the company calls "parent-managed minor accounts" were using the subscription

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<sup>46</sup> See Jeff Horwitz and Katherine Blunt, "Meta Staff Found Instagram Tool Enabled Child Exploitation. The Company Pressed Ahead Anyway," THE WALL STREET JOURNAL, Feb. 22, 2024, available at [https://www.wsj.com/tech/meta-staff-found-instagram-subscription-tool-enabled-child-exploitation-the-company-pressed-ahead-anyway-a18e81e6?mod=Searchresults\\_pos1&page=1](https://www.wsj.com/tech/meta-staff-found-instagram-subscription-tool-enabled-child-exploitation-the-company-pressed-ahead-anyway-a18e81e6?mod=Searchresults_pos1&page=1).

1 feature to sell exclusive content not available to nonpaying followers.<sup>47</sup> The content, often featuring  
2 young girls in bikinis and leotards, was sold to an audience that was overwhelmingly male and often overt  
3 about sexual interest in the children in comments on posts or when they communicated with the parents,  
4 according to people familiar with the investigations, which determined that *the payments feature was*  
5 *launched without basic child-safety protections.*

6 121. Meta's staffers found evidence that some parents understood they were producing content  
7 for other adults' sexual gratification. Sometimes parents engaged in sexual banter about their own  
8 children or had their daughters interact with subscribers' sexual messages.

9 122. After Sarah Adams, a Canadian mother and social-media activist, brought attention to a  
10 group of Instagram accounts selling bikini photos of teen and tween girls last spring, *Meta's own reviews*  
11 *confirmed that parent-run modeling accounts were catering to users who had demonstrated pedophilic*  
12 *interests* elsewhere on the platform and regularly used sexualized language when discussing the models.  
13 According to the reviews, *Meta's recommendation systems were actively promoting such underage*  
14 *modeling accounts to users suspected of behaving inappropriately online toward children.*<sup>48</sup>

15 123. *Meta employees found that the Company's algorithms promoted child-modeling*  
16 *subscriptions to likely pedophiles*, and in some cases parents discussed offering additional content on  
17 other platforms, according to some people familiar with the investigations.

18 124. To address the problems, Meta could have banned subscriptions to accounts that feature  
19 child models, as rival TikTok and paid-content platforms Patreon and OnlyFans do. The Meta employees  
20 formally recommended that Meta could require accounts selling subscriptions to child-focused content  
21 to register themselves so the company could monitor them. Both Tik-Tok and Patreon have policies  
22 restricting subscriptions and tipping for content involving children in ways that Meta does not. Patreon  
23 requires minors to have an adult guardian's permission to open an account, and bans underage modeling  
24 accounts.

25 125. Meta didn't pursue those proposals, the people said, and instead chose to build an  
26 automated system to prevent suspected pedophiles from being given the option to subscribe to parent-run  
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28 <sup>47</sup> *Id.*

<sup>48</sup> *Id.*

1 accounts. The technology did not always work, and the subscription ban could be evaded by setting up a  
2 new account.<sup>49</sup>

3 126. While it was still building the automated system, Meta expanded the subscriptions  
4 program as well as the tipping feature, called “gifts,” to new markets. A Wall Street Journal examination  
5 also found instances of misuse involving the gifts tool.<sup>50</sup>

6 127. A review by the Wall Street Journal of some of the most popular parent-run modeling  
7 accounts on Instagram and Facebook revealed obvious failures of enforcement. One parent-run account  
8 banned last year for child exploitation had returned to the platforms, received official Meta verification  
9 and gained hundreds of thousands of followers. Other parent-run accounts previously banned on  
10 Instagram for exploitative behavior continued selling child-modeling content via Facebook.

11 128. In two instances, the Journal found that parent-run accounts were cross-promoting pinup-  
12 style photos of children to a 200,000-follower Facebook page devoted to adult-sex content creators and  
13 pregnancy fetishization.<sup>51</sup> Meta took down those accounts and acknowledged enforcement errors after  
14 the Journal flagged their activities and the Company’s own past removals to Meta’s communications  
15 staff. The Company often failed, however, to remove “backup” Instagram and Facebook profiles  
16 promoted in their bios. Those redundant accounts then continued promoting or selling material that Meta  
17 had sought to ban until the Journal inquired about them.

18 129. Some of the parent-run child accounts on Instagram reviewed by the Journal have received  
19 extensive attention in forums on non-Meta platforms. Screenshots from those forums provided to the  
20 Journal by a child-safety advocate show that men routinely reposted Instagram images of the girls and  
21 discussed whether specific parents were willing to sell more risqué content privately.

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25 <sup>49</sup> *Id.*

26 <sup>50</sup> To encourage content production on their platforms, Meta and other social-media companies have  
27 encouraged aspiring creators to solicit funding from their followers, either via cash “tips” and “gifts” or  
28 recurring subscription payments. The platforms generally take a cut of those payments. Meta has said it  
wouldn’t take a cut on subscriptions through at least the end of 2024. The company collects commissions  
on gift payments to creators.

<sup>51</sup> *Id.*

1           130. In a number of instances, users swapped tips on how to track down where specific girls  
2 live. “I swear I need to find her somehow,” one user wrote after describing a sex fantasy involving one  
3 14-year-old.<sup>52</sup>

4           131. Meta Platforms has struggled to detect and prevent child-safety hazards on its platforms.  
5 After the Wall Street Journal revealed in 2023 that the Company’s algorithms connect and promote a vast  
6 network of accounts openly devoted to underage-sex content, the company in June 2023 established a  
7 task force to address child sexualization on its platforms.

8           132. That work has been limited in its effectiveness, the Wall Street Journal reported last year.  
9 While Meta has sought to restrict the recommendation of pedophilic content and connections to adults  
10 that its systems suspect of sexualizing children, tests showed its platforms continued to recommend search  
11 terms such as “child lingerie” and large groups that discussed trading links of child-sex material.<sup>53</sup>

12           133. The Wall Street Journal also found that Meta’s gifts program, available to accounts with  
13 at least a thousand followers, also featured unsavory activity. Some popular accounts sought donations  
14 via the program for curating suggestive videos of young girls stretching or dancing that they had culled  
15 from other sources, exposing those children to a mass audience that plastered the posts with suggestive  
16 emojis and sexual comments. In a number of cases the “send gift” button was featured on posts promoting  
17 links to what they indicated were child sexual-abuse videos.

18           134. In addition to problematic parent-run minor accounts, the Journal found numerous  
19 examples of others offering subscriptions and gifts for content against Meta’s rules. One titled “sex porn  
20 video xvideos xnxx xxx girl sexy” purported to livestream adult videos. A 500,000-user Spanish-  
21 language group called “School Girls” also was offering subscription content.

22           135. Meta removed both after they were flagged by the Journal, and said that it had recently  
23 begun screening accounts that sell subscriptions for indications of suspicious activity involving children  
24 using a tool called Macsa, short for “Malicious Child Safety Actor.” The company says it will also screen  
25 buyers of such content for pedophilic behavior, but that work isn’t yet finished.

26  
27  
28 <sup>52</sup> *Id.*

<sup>53</sup> *Id.*

136. These facts demonstrate that Meta Platform’s internal controls designed to police its Facebook and Instagram social media platforms are vastly deficient. Meta launches new features like “paid subscriptions” and “gifts” quickly in order to maximize its advertising revenues and subscription base, without adequate vetting for safety. Meta only eliminates obviously-suspicious accounts after being contacted by reporters. Reports from mothers or other users are routinely ignored and/or not timely responded to. In other cases, Meta’s automated tools fail to correctly identify and remove the content even though it violates the Company’s standards. Meta’s algorithms recommend objectionable content to pedophiles and perverts.

**E. The Information Omitted and/or Misrepresented in the 2024 Proxy is Highly Material to Plaintiff and Meta’s Other Shareholders**

137. The information misrepresented and/or omitted from the 2024 is highly material to Plaintiff and Meta’s other shareholders. Meta’s failure to adopt and implement effective internal controls to prevent exploitation of underage children poses material enterprise risks to Meta.

138. In 2022, Meta was fined over \$400 million for failing to safeguard children’s information on Instagram.<sup>54</sup> Meta’s failure to adequately address and remedy these issues also poses a high risk of governmental and regulatory responses and fines. The Company recently disclosed in its annual report that “We entered into a settlement and modified consent order to resolve the FTC inquiry, which took effect in April 2020 and required us to pay a penalty of \$5.0 billion and to significantly enhance our practices and processes for privacy compliance and oversight.”<sup>55</sup>

139. The Company’s most recent Form 10-K also disclosed that: “On May 3, 2023, the FTC filed a public administrative proceeding (In the Matter of Facebook, Inc.), seeking substantial changes to the modified consent order, which took effect in April 2020 after its entry by the U.S. District Court for the District of Columbia. The changes sought by the FTC are set forth in a proposed order and include, among others, a prohibition on our use of minors’ data for any commercial purposes, changes to the composition of our board of directors, and significant limitations on our ability to modify and launch new products. On May 31, 2023, we filed a motion before the U.S. District Court for the District of Columbia

<sup>54</sup> See <https://www.cnet.com/news/privacy/meta-fined-400m-for-failing-to-protect-childrens-privacy-on-instagram>.

<sup>55</sup> See Form 10-K filed with the SEC on February 2, 2024, at p. 53.

(USA v. Facebook, Inc.) seeking to enjoin the FTC from further pursuing its agency process to modify the modified consent order. On November 27, 2023, the district court denied our motion, and we have appealed to the U.S. Court of Appeals for the District of Columbia Circuit (U.S. v. Facebook, Inc.) and sought to stay the FTC proceeding pending resolution of the appeal. On January 12, 2024, the district court denied our motion for a stay pending appeal and, on January 25, 2024, we filed a motion for a stay pending appeal before the Court of Appeals.”<sup>56</sup>

140. The omitted and misrepresented information in the 2024 Proxy is also highly material to the matters being submitted for shareholder approval. The Proxy represents that the directors up for election have significant experience in legal and regulatory compliance and have established effective internal controls safeguarding the Company’s key enterprise risks, including controls to prevent the exploitation and harm of underage children. Deficiencies in such controls and/or the directors’ oversight of management are material to investors’ decisions as to whether or not to vote in favor of election of the directors.

141. Several shareholder proposals are included in the 2024 Proxy, including Proposals Eleven and Twelve. The Defendants are recommending that shareholders vote against those proposals based in substantial part of the fact that the Company is allegedly already taking effective measures to protect the Company against the risks mentioned in those proposals. A reasonable shareholder would consider the omitted and/or misrepresented information material to their voting decisions as to the shareholder proposals.

## **VI. CLAIMS FOR RELIEF**

### **COUNT I**

#### **Violation of Section 14(a) of the Exchange Act and SEC Rule 14a-9 (Against All Defendants)**

142. Plaintiff incorporates by reference and re-alleges each allegation contained above, as though fully set forth herein, except to the extent those allegations plead knowing or reckless conduct by Defendants. This claim is based solely on negligence, not on any allegation of reckless or knowing conduct by or on behalf of Defendants. Plaintiff specifically disclaims any allegations of, reliance upon

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<sup>56</sup> *Id.*

1 any allegation of, or reference to any allegation of fraud, scienter, or recklessness with regard to this  
2 claim.

3 143. SEC Rule 14a-9 (17 C.F.R. § 240.14a-9), promulgated under Section 14(a) of the  
4 Exchange Act, provides:

5 No solicitation subject to this regulation shall be made by means of any proxy  
6 statement form of proxy, notice of meeting or other communication, written or oral,  
7 containing any statement which, at the time and in the light of the circumstances under  
8 which it is made, is false or misleading with respect to any material fact, or which omits  
9 to state any material fact necessary in order to make the statements therein not false or  
misleading or necessary to correct any statement in any earlier communication with  
respect to the solicitation of a proxy for the same meeting or subject matter which has  
become false or misleading.

10 144. Defendants negligently issued, caused to be issued, and participated in the issuance of  
11 materially misleading written statements to stockholders that were contained in the 2024 Proxy. The  
12 2024 Proxy contains proposals to Meta's stockholders urging them to re-elect the members of the Board  
13 and vote against stockholder proposals for the Company to adopt a policy to require the Company to  
14 disclose information about the misuse of Meta's platform. The 2024 Proxy, however, misstates or fails  
15 to disclose the material information alleged *supra*.

16 145. By reasons of the conduct alleged herein, Defendants violated Section 14(a) of the  
17 Exchange Act and SEC Rule 14a-9. As a direct and proximate result of Defendants' wrongful conduct,  
18 Meta misled or deceived its stockholders by making misleading statements that were an essential link in  
19 stockholders heeding Meta's recommendation to re-elect the current Board and vote against stockholder  
20 proposals for the Company to adopt a policy to require the Company to disclose information about the  
21 misuse of Meta's platform.

22 146. Plaintiff thereby seeks injunctive and equitable relief because the conduct of the  
23 Defendants interferes with Plaintiff's voting rights and choices at the 2024 annual meeting, scheduled for  
24 May 29, 2024. Plaintiff does not seek any monetary damages for the proxy law violations.

25 147. This action was timely commenced within three years of the date of the 2024 Proxy and  
26 within one year from the time Plaintiff discovered or reasonably could have discovered the facts on which  
27 this claim is based.  
28

**COUNT II**  
**Declaratory and Injunctive Relief**  
**(Against All Defendants)**

148. Plaintiff incorporates by reference and re-alleges each of the foregoing allegations as though fully set forth in this paragraph.

149. Plaintiff was and is a shareholder of Meta, was a Meta shareholder at the time of the 2024 Proxy and is entitled to vote on the matters contained in the proxy.

150. The 2024 proxy was false and misleading for the reasons alleged herein.

151. The misrepresentations and omissions in the 2024 Proxy were material.

152. Plaintiff seeks declaratory and injunctive relief, including a court order declaring the proxy to be false and misleading and ordering Defendants to issue a corrective proxy statement, invalidating the results of the 2024 annual election (if not enjoined), and requiring Meta to hold another meeting after dissemination of the corrective proxy.

153. There exists a substantial controversy of sufficient immediacy and reality to warrant the issuance of a declaratory judgment. Meta has failed to notify its shareholders of the true facts, as alleged herein, and obtain action, including the election of directors and rejection of shareholder proposals, through the false proxy.

154. A judicial declaration pursuant to 28 U.S.C. § 2201 and California Code of Civil Procedure § 1060 is necessary and appropriate at this time so that Plaintiff's rights as a shareholder of the Company may be determined with certainty.

155. Accordingly, in connection with the active case and controversy between Plaintiff and Defendants, Plaintiff seeks declaratory relief under 28 U.S.C. § 2201 and California Code of Civil Procedure § 1060, declaring that:

(a) Meta's 2024 Proxy Statement is false and misleading;

(b) Meta's internal controls over user privacy and protection of minors are deficient; and

(c) Meta has a duty to immediately notify shareholders of the true facts so that Plaintiff and Meta's shareholders may make a fully informed vote on the matters submitted for shareholder approval at the 2024 Annual Meeting.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for judgment in favor of Plaintiff and against all Defendants as follows:

- A. Declaring that the Defendants violated Section 14(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder;
- B. Declaring that Meta's 2024 Proxy Statement is false and misleading;
- C. Enjoining the 2024 Annual Meeting of Shareholders until such time as corrective disclosures and an amended proxy statement are disseminated to Meta shareholders;
- D. Invalidating the results of the 2024 election, if not enjoined beforehand;
- E. Requiring Defendants to issue a corrective proxy statement and holding another election on the matters submitted to shareholders in the 2024 Proxy;
- F. Awarding Plaintiff the costs and disbursements of this action, including reasonable attorneys' and experts' fees, costs, and expenses; and
- G. Granting such other and further relief as the Court deems just and proper.

**JURY TRIAL DEMAND**

Plaintiff hereby demands a trial by jury on all issues so triable.

Dated: April 11, 2024

Respectfully submitted,

BOTTINI & BOTTINI, INC.

s/ Francis A. Bottini, Jr.

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